



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** April 26, 2011

**TO:** Mayor and Councilmembers

**FROM:** Treasury Division, Finance Department

**SUBJECT:** March 31, 2011, Investment Report And March 31, 2011, Fiscal Agent Report

**RECOMMENDATION:** That Council:

- A. Accept the March 31, 2011, Investment Report; and
- B. Accept the March 31, 2011, Fiscal Agent Report.

### DISCUSSION:

On a quarterly basis, staff submits a comprehensive report on the City's portfolio and related activity pursuant to the City's Annual Statement of Investment Policy. The current report covers the investment activity for January through March 2011.

Financial markets continued to post strong growth in the first quarter of 2011, due to strong corporate earnings as both consumer and business spending continue to grow. The Dow Jones Industrial Average (DJIA) index, which measures stocks from 30 industrial "blue-chip" companies, was up 6.41 percent from the previous quarter; the S&P 500, composed of 500 "large-cap" companies across various sectors, was up 5.92 percent; and NASDAQ, which largely measures technology stocks, was up 4.84 percent.

At its March meeting, the Federal Reserve Bank's Open Market Committee (FOMC) gave its most optimistic assessment of the economy since the recession ended, noting the "firmer footing" of the economy due to increased spending and gradual improvement in the jobs market. Although the committee downplayed the risk of inflation, a minority of committee members noted that acceleration in inflation could weaken the economic recovery, given the large increase in energy prices over the past 12 months that is being passed through to consumers. However, the committee maintained the current federal funds rate at a target range of 0-1/4 percent "for an extended period". With respect to its quantitative easing stimulus program (QE2) announced last November, the committee voted unanimously to continue QE2 as planned. Under QE2, the Fed has planned to purchase \$600 billion in Treasuries through June 2011 in an effort to keep interest rates low, spur economic growth, and return the inflation rate to the target of 2

percent. It was noted by some committee members that the current levels of economic growth and the potential for accelerating inflation might warrant downsizing the program before June.

The Consumer Price Index (CPI) is a general measure of inflation showing the average change over time in prices of goods and services purchased by households. The seasonally adjusted CPI for all items was up by 0.5 percent in March. The CPI reflects increases in gasoline and food prices, which accounted for three quarters of the increase. The energy index has increased 15.5 percent over the past 12 months, with the gasoline index up 27.5 percent.

Treasury note yields were higher by the end of the quarter, after dipping slightly in January. As shown in the table to the right, the increase in yield ranged from an increase of only 1 basis point on the 1-year Treasury note to an increase of 27 basis

U.S. Treasury Market					
	12/31/2010	1/31/2011	2/28/2011	3/31/2011	Cumulative Change
3 Month	0.13%	0.15%	0.13%	0.09%	-0.04%
6 Month	0.18%	0.16%	0.16%	0.17%	-0.01%
1 Year	0.26%	0.24%	0.24%	0.27%	0.01%
2 Year	0.59%	0.56%	0.68%	0.82%	0.23%
3 Year	0.99%	0.96%	1.16%	1.30%	0.31%
4 Year	1.50%	1.45%	1.65%	1.79%	0.29%
5 Year	2.01%	1.94%	2.14%	2.28%	0.27%
10 Year	3.30%	3.37%	3.43%	3.46%	0.16%
30 Year	4.34%	4.57%	4.50%	4.50%	0.16%
LAIF	0.46%	0.51%	0.51%	0.51%	0.05%

points on the 5-year Treasury note. Yields on the 5-year Treasury note have continued to climb after hitting an all time low of 1.17% in October 2010. The Treasury curve remains steep as investors expect the economic recovery to be, at minimum, prolonged, given concern over the growing U.S. debt, the potential for early termination of QE2 (and its effect on the economic recovery), continuing economic woes in other parts of the world, and disruptions in oil production.

### Investment Activity

As shown in the table on the next page, the City invested \$19 million during the quarter. The purchases consisted of \$7 million in "AAA" rated Federal Agency callable securities, \$10 million in "AAA" rated Federal Agency bullets (non-callable securities), and \$2 million in "AA+" rated corporate notes (General Electric Capital Corporation). During the quarter, \$8 million of "AAA" rated Federal Agency securities were called and \$8 million securities matured.

# Council Agenda Report

March 31, 2011, Investment Report And March 31, 2011, Fiscal Agent Report

April 26, 2011

Page 3

Issuer	Face Amount	Purchase Date	Final Maturity	Call Date	Yield To Call	Yield To Maturity
<i>Purchases:</i>						
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	01/06/11	02/25/14	-	-	1.375%
General Electric Capital Corp. (GECC)	2,000,000	01/07/11	01/07/14	-	-	2.100%
Federal Farm Credit Bank (FFCB)	1,500,000	02/02/11	02/02/15	02/02/12	2.000%	2.000%
Federal Home Loan Bank (FHLB)	2,000,000	02/09/11	01/29/15	-	-	1.750%
Federal Farm Credit Bank (FFCB)	2,000,000	02/10/11	02/10/14	-	-	1.375%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	02/11/11	04/02/14	-	-	1.615%
Federal Farm Credit Bank (FFCB)	2,000,000	02/16/11	02/16/16	-	-	2.570%
Federal National Mortgage Association (FNMA)	2,000,000	02/17/11	02/17/16	02/17/12	2.500%	2.500%
Federal Home Loan Mortgage Corp (FHLMC)	1,500,000	02/22/11	08/22/14	08/22/11	1.700%	1.700%
Federal Farm Credit Bank (FFCB)	2,000,000	03/09/11	03/09/16	03/09/12	2.702%	2.621%
	19,000,000					
<i>Calls:</i>						
Federal Farm Credit Bank (FFCB)	2,000,000	01/13/10	01/13/15	01/13/11	3.180%	3.180%
Federal National Mortgage Association (FNMA)	2,000,000	02/27/09	02/24/12	02/24/11	2.250%	2.250%
Federal National Mortgage Association (FNMA)	2,000,000	03/18/09	09/18/12	03/18/11	2.500%	2.500%
Federal Home Loan Bank (FHLB)	2,000,000	03/30/10	09/30/13	03/30/11	2.000%	2.000%
	8,000,000					
<i>Maturities:</i>						
Wells Fargo & Co. (WFC)	2,000,000	05/30/07	01/12/11	-	-	5.260%
Federal Farm Credit Bank (FFCB)	2,000,000	11/07/06	01/18/11	-	-	5.000%
Federal Home Loan Bank (FHLB)	2,000,000	07/09/07	02/15/11	-	-	5.308%
General Electric Capital Corporation (GECC)	2,000,000	01/10/07	02/22/11	-	-	5.100%
	8,000,000					

The weighted average yield to maturity measures the average yield for securities with varying interest rates to help provide a measure of the future rate of return on the investment portfolio. The weighted average yield to maturity on the quarter's purchases totaled 1.966 percent, compared to 3.825 percent on the quarter's called and matured investments, reflecting the low interest rate environment.

The average rate at which the City earned interest at the Local Agency Investment Fund (LAIF), the State's managed investment pool, was 0.51 percent for the quarter ended March 31, 2011. Staff expects to reinvest a portion of the City's LAIF balances in short-term or callable securities during the next quarter.

## Summary of Cash and Investments

The book rate of return, or portfolio yield, measures the percent return of actual interest earnings generated from the portfolio. During the quarter, the City's book rate of return decreased by 15.3 basis points from 2.075 percent at December 31, 2010 to 1.922 percent at March 31, 2011. The book rate of return continues to decline through the attrition of higher-yielding securities, and reinvestment at considerably lower market rates. The portfolio's average days to maturity increased by 44 days from 1,000 to 1,044 days which includes the 20-year Airport promissory note authorized by Council in July 2009. The portfolio's average days to maturity excluding

Mo. Ended	Yield	Days to Maturity
12/31/2010	2.075%	1,000
1/31/2011	1.873%	916
2/28/2011	1.889%	1,041
3/31/2011	1.922%	1,044

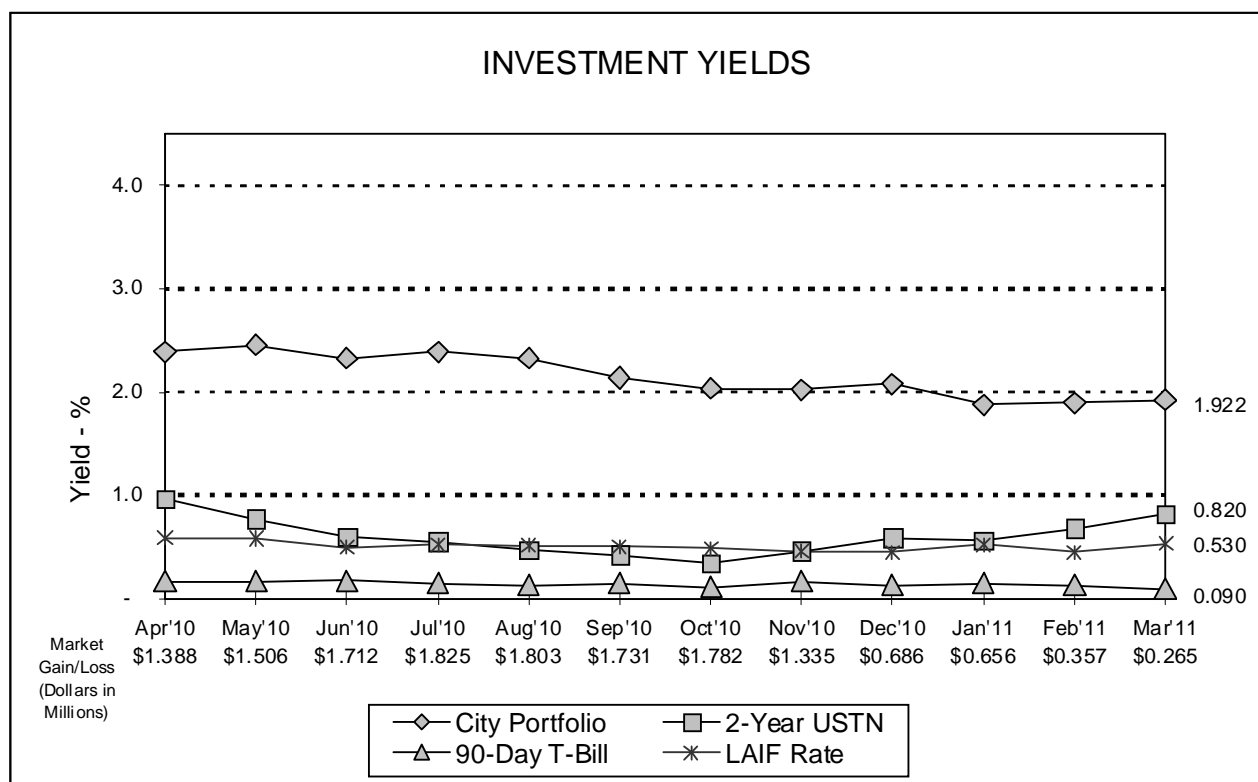
the Airport note is 830 days, reflecting reinvestment of maturities and calls during the quarter in the one to five year range for regular day-to-day investment activities in accordance with the City's Annual Statement of Investment Policy.

### Credit Quality on Corporate Notes

Over the quarter ended March 31, 2011, there were no credit quality changes to the two corporate issuers of the medium-term notes held in the portfolio (i.e., General Electric Capital Corp and Berkshire Hathaway Financial). All ratings remain within the City's Investment Policy guidelines of "A" or better.

### Portfolio Market Gains/Losses

As shown on the Investment Yields on the next page, the City's portfolio continues to significantly outperform the three benchmark measures (the 90 day T-Bill, 2 year T-Note and LAIF). The portfolio also reflects unrealized market gains during the quarter due to lower market yields compared to the yields on securities held in the portfolio. At March 31, 2011 the overall portfolio had an unrealized market gain of \$0.265 million.



On a quarterly basis, staff reports the five securities with the largest percentage of unrealized losses when comparing book value to market value at the end of the quarter. Note, however, since securities in the portfolio are held to maturity, no market losses will be realized.

Issuer	Face Amount	Maturity	\$ Mkt Change	% Mkt Change
GENERAL ELECTRIC CAPITAL CORP	\$2,000,000	11/09/15	-\$78,660	-3.93%
FEDERAL FARM CREDIT BANK	\$2,000,000	10/28/15	-\$60,600	-3.03%
FEDERAL HOME LOAN MTG CORP	\$2,000,000	11/23/15	-\$54,300	-2.72%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	09/09/15	-\$47,122	-2.36%
FEDERAL FARM CREDIT BANK	\$2,000,000	11/23/15	-\$41,960	-2.10%

On a quarterly basis, staff also reports all securities with monthly market declines of greater than 1 percent compared to the prior month. There were no securities with market decline of greater than 1 percent compared to the prior month.

The following confirmations are made pursuant to California Code Sections 53600 et seq.: (1) the City's portfolio as of March 31, 2011 is in compliance with the City's Statement of Investment Policy; and (2) there are sufficient funds available to meet the City's expenditure requirements for the next six months.

### **Fiscal Agent Investments**

In addition to reporting requirements for public agency portfolios, a description of any of the agency's investments under the management of contracted parties is also required on a quarterly basis. Attachment 2 includes bond funds and the police and fire service retirement fund as of March 31, 2011.

**ATTACHMENTS:** 1. March 31, 2011 Investment Report  
2. March 31, 2011 Fiscal Agent Report

**PREPARED BY:** Jill Taura, Treasury Manager

**SUBMITTED BY:** Robert Samario, Finance Director

**APPROVED BY:** City Administrator's Office

**CITY OF SANTA BARBARA**  
**Activity and Interest Report**  
**March 31, 2011**

**INVESTMENT ACTIVITY**

**PURCHASES OR DEPOSITS**

3/1 LAIF Deposit - City	\$ 1,000,000
3/3 LAIF Deposit - City	1,500,000
3/9 Federal Farm Credit Bank (FFCB)	2,000,000
3/17 LAIF Deposit - City	1,000,000
3/21 LAIF Deposit - City	1,500,000
3/29 LAIF Deposit - City	1,000,000
3/30 LAIF Deposit - City	2,000,000
<b>Total</b>	<b>\$ 10,000,000</b>

**SALES, MATURITIES, CALLS OR WITHDRAWALS**

3/8 LAIF Withdrawal - City	\$ (2,000,000)
3/10 LAIF Withdrawal - City	(3,000,000)
3/14 LAIF Withdrawal - City	(1,500,000)
3/18 Federal National Mortgage Association (FNMA) - Call	(2,000,000)
3/24 LAIF Withdrawal - City	(3,000,000)
3/30 Federal Home Loan Bank (FHLB) - Call	(2,000,000)
<b>Total</b>	<b>\$ (13,500,000)</b>

**ACTIVITY TOTAL**

**\$ (3,500,000)**

**INTEREST REVENUE**

**POOLED INVESTMENTS**

Interest Earned on Investments	\$ 262,212
Amortization	(8,786)
Interest on SBB&T Accounts	145
<b>Total</b>	<b>\$ 253,571</b>

**RDA INVESTMENTS**

Interest Earned on Investments (LAIF)	<b>\$ 6,752</b>
---------------------------------------	-----------------

**TOTAL INTEREST EARNED**

**\$ 260,323**

**CITY OF SANTA BARBARA**  
**Summary of Cash and Investments**  
**March 31, 2011**

**ENDING BALANCE AS OF FEBRUARY 28, 2011**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 42,000,000	0.450%	24.99%	1
Certificates of Deposit	2,000,000	1.750%	1.19%	262
Federal Agency Issues - Coupon	112,023,891	2.133%	66.66%	1,116
Corporate/Medium Term Notes	5,992,817	2.293%	3.57%	1,502
	162,016,708	1.698%	96.41%	831
SB Airport Promissory Note	6,044,793	7.000%	3.60%	6,696
Totals and Averages	\$ 168,061,501	1.889%	100.00%	1,041
SBB&T Money Market Account	4,610,506			
<b>Total Cash and Investments</b>	<b>\$ 172,672,007</b>			

**NET CASH AND INVESTMENT ACTIVITY FOR MARCH 2011**      **\$ (3,443,768)**

**ENDING BALANCE AS OF MARCH 31, 2011**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 40,500,000	0.530%	24.61%	1 (1)
Certificates of Deposit	2,000,000	1.750%	1.22%	231
Federal Agency Issues - Coupon	110,012,980	2.138%	66.86%	1,111
Corporate/Medium Term Notes	5,992,942	2.293%	3.64%	1,471
	158,505,922	1.728%	96.33%	830
SB Airport Promissory Note	6,044,793	7.000%	3.67%	6,665
Totals and Averages	\$ 164,550,715	1.922%	100.00%	1,044
SBB&T Money Market Account	4,677,523			
<b>Total Cash and Investments</b>	<b>\$ 169,228,238</b>			

Note:

(1) The average life of the LAIF portfolio as of March 31, 2011 is 193 days.

**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**March 31, 2011**

DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY RATING MOODY'S	QUALITY RATING S & P	STATED RATE	YIELD AT 365	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
<b>LOCAL AGENCY INVESTMENT FUNDS</b>											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	0.530	0.530	25,500,000.00	25,500,000.00	25,500,000.00	0.00	
LOCAL AGENCY INV FUND/RDA	-	-	-	-	0.530	0.530	15,000,000.00	15,000,000.00	15,000,000.00	0.00	
Subtotal, LAIF							40,500,000.00	40,500,000.00	40,500,000.00	0.00	
<b>CERTIFICATES OF DEPOSIT</b>											
MONTECITO BANK & TRUST	11/18/09	11/18/11	-	-	1.750	1.750	2,000,000.00	2,000,000.00	2,000,000.00	0.00	
Subtotal, Certificates of deposit							2,000,000.00	2,000,000.00	2,000,000.00	0.00	
<b>FEDERAL AGENCY ISSUES - COUPON</b>											
FEDERAL FARM CREDIT BANK	03/06/09	04/24/12	Aaa	AAA	2.250	2.120	2,000,000.00	2,002,668.78	2,038,990.00	36,321.22	
FEDERAL FARM CREDIT BANK	10/28/10	10/28/15	Aaa	AAA	1.540	1.540	2,000,000.00	2,000,000.00	1,939,400.00	(60,600.00)	Callable 10/28/11, then cont.
FEDERAL FARM CREDIT BANK	12/10/10	12/08/14	Aaa	AAA	1.500	1.662	2,000,000.00	1,991,375.70	1,980,090.00	(11,285.70)	Callable 12/08/11, then cont.
FEDERAL FARM CREDIT BANK	02/02/11	02/02/15	Aaa	AAA	2.000	2.000	1,500,000.00	1,500,000.00	1,501,402.50	1,402.50	Callable 02/02/12, then cont.
FEDERAL FARM CREDIT BANK	02/10/11	02/10/14	Aaa	AAA	1.375	1.375	2,000,000.00	2,000,000.00	2,000,820.00	820.00	
FEDERAL FARM CREDIT BANK	03/09/11	03/09/16	Aaa	AAA	2.600	2.621	2,000,000.00	1,998,122.22	1,998,940.00	817.78	Callable 03/09/12, then cont.
FEDERAL FARM CREDIT BANK	12/15/10	12/15/15	Aaa	AAA	2.480	2.480	2,000,000.00	2,000,000.00	1,982,490.00	(17,510.00)	Callable 12/15/11, then cont.
FEDERAL FARM CREDIT BANK	03/04/09	01/17/12	Aaa	AAA	2.000	2.002	2,000,000.00	2,000,000.00	2,027,000.00	27,000.00	
FEDERAL FARM CREDIT BANK	03/05/09	03/04/13	Aaa	AAA	2.600	2.600	2,000,000.00	2,000,000.00	2,068,510.00	68,510.00	
FEDERAL FARM CREDIT BANK	05/08/09	04/08/13	Aaa	AAA	2.200	2.200	2,000,000.00	2,000,000.00	2,053,950.00	53,950.00	
FEDERAL FARM CREDIT BANK	06/19/09	06/18/12	Aaa	AAA	2.125	2.125	2,000,000.00	2,000,000.00	2,039,690.00	39,690.00	
FEDERAL FARM CREDIT BANK	09/30/09	10/03/11	Aaa	AAA	1.125	1.125	2,000,000.00	2,000,000.00	2,008,770.00	8,770.00	
FEDERAL FARM CREDIT BANK	04/30/10	04/09/15	Aaa	AAA	2.900	2.916	2,000,000.00	1,999,199.77	2,010,600.00	11,400.23	Callable 04/09/12, once
FEDERAL FARM CREDIT BANK	11/23/10	11/23/15	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	1,958,040.00	(41,960.00)	Callable 05/23/12, then cont.
FEDERAL FARM CREDIT BANK	02/16/11	02/16/16	Aaa	AAA	2.570	2.570	2,000,000.00	2,000,000.00	2,017,640.00	17,640.00	
FEDERAL HOME LOAN BANK	05/22/07	06/10/11	Aaa	AAA	5.250	5.005	2,000,000.00	2,000,837.65	2,019,120.00	18,282.35	
FEDERAL HOME LOAN BANK	03/04/09	06/08/12	Aaa	AAA	4.375	2.110	1,700,000.00	1,743,894.07	1,770,592.50	26,698.43	
FEDERAL HOME LOAN BANK	04/15/10	10/15/13	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,039,840.00	39,840.00	
FEDERAL HOME LOAN BANK	08/05/10	09/12/14	Aaa	AAA	1.375	1.375	2,000,000.00	2,000,000.00	1,981,360.00	(18,640.00)	
FEDERAL HOME LOAN BANK	12/28/10	07/28/14	Aaa	AAA	0.650	1.816	2,000,000.00	2,000,000.00	2,003,190.00	3,190.00	SU 2.05% Callable 07/28/11, once
FEDERAL HOME LOAN BANK	06/30/09	06/30/14	Aaa	AAA	2.000	3.733	2,000,000.00	2,000,000.00	2,003,770.00	3,770.00	SU 5%, Callable 06/30/11, once
FEDERAL HOME LOAN BANK	09/17/09	12/13/13	Aaa	AAA	3.125	2.440	2,000,000.00	2,034,909.35	2,092,810.00	57,900.65	
FEDERAL HOME LOAN BANK	01/15/10	10/30/12	Aaa	AAA	1.700	1.700	2,000,000.00	2,000,000.00	2,032,890.00	32,890.00	
FEDERAL HOME LOAN BANK	04/05/10	11/29/13	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,037,840.00	37,840.00	
FEDERAL HOME LOAN BANK	06/29/10	10/29/12	Aaa	AAA	1.125	1.125	2,000,000.00	2,000,000.00	2,014,850.00	14,850.00	
FEDERAL HOME LOAN BANK	05/23/08	06/10/11	Aaa	AAA	3.125	3.520	2,000,000.00	1,998,569.68	2,010,640.00	12,070.32	
FEDERAL HOME LOAN BANK	05/28/10	05/28/15	Aaa	AAA	2.000	2.653	2,000,000.00	2,000,000.00	2,035,950.00	35,950.00	SU 3.35%, Callable 11/28/12, once
FEDERAL HOME LOAN BANK	06/30/10	06/30/14	Aaa	AAA	1.125	2.277	2,000,000.00	2,000,000.00	2,015,430.00	15,430.00	SU 3% Callable 12/30/11, once
FEDERAL HOME LOAN BANK	09/17/09	09/13/13	Aaa	AAA	4.375	2.272	2,000,000.00	2,097,978.16	2,155,620.00	57,641.84	
FEDERAL HOME LOAN BANK	02/22/10	12/13/13	Aaa	AAA	3.125	2.130	2,000,000.00	2,051,315.36	2,092,810.00	41,494.64	
FEDERAL HOME LOAN BANK	03/26/10	06/08/12	Aaa	AAA	1.375	1.325	2,000,000.00	2,001,164.55	2,021,900.00	20,735.45	

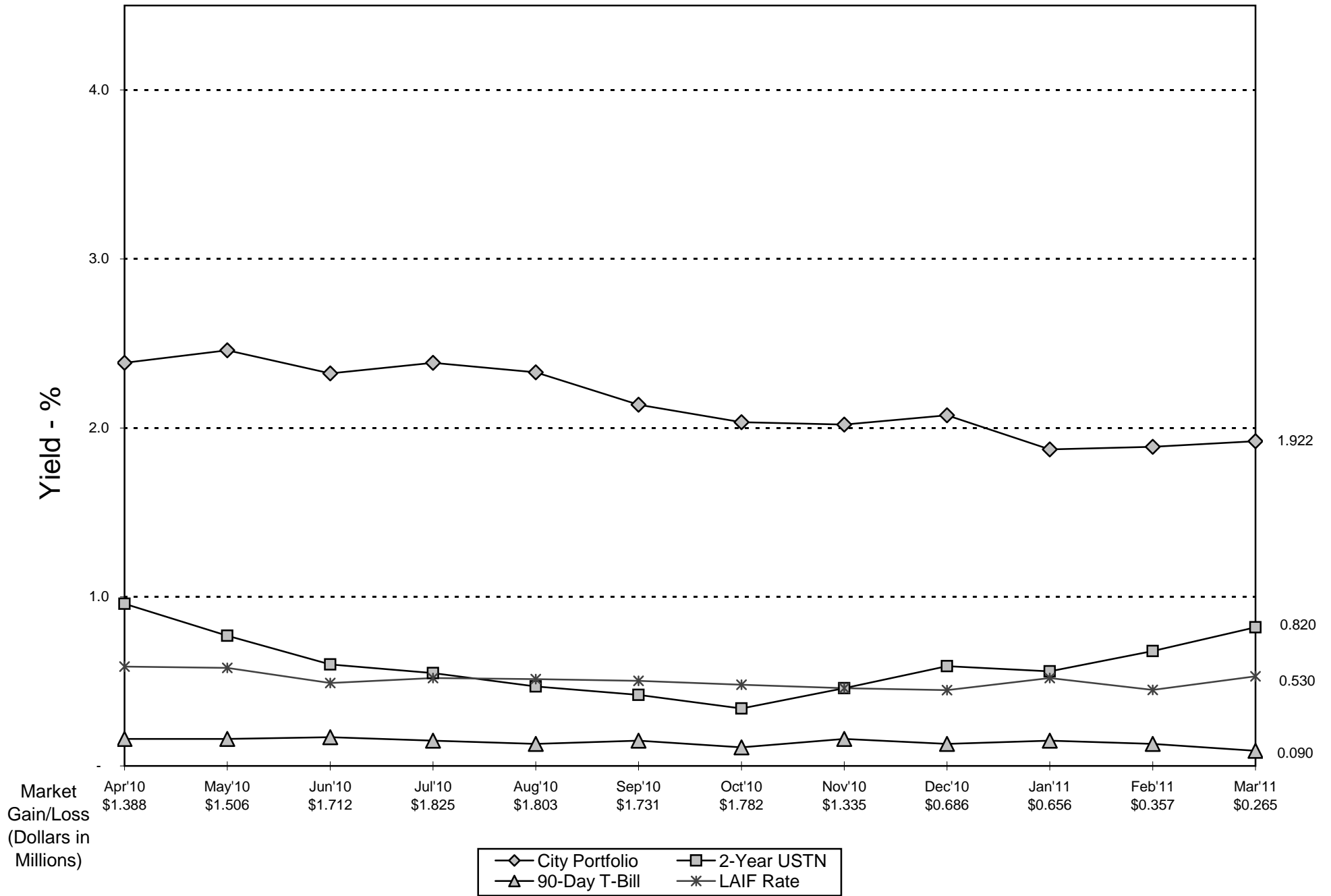


**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**March 31, 2011**

DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY RATING		STATED RATE	YIELD AT 365	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
MOODY'S	S & P										
FEDERAL HOME LOAN BANK	07/14/10	07/14/15	Aaa	AAA	2.000	2.336	2,000,000.00	2,000,000.00	2,010,210.00	10,210.00	SU 2.0%-3.5% Call 07/14/11, then qtrly
FEDERAL HOME LOAN BANK	02/09/11	01/29/15	Aaa	AAA	1.750	1.750	2,000,000.00	2,000,000.00	1,991,300.00	(8,700.00)	
FEDERAL HOME LOAN MTG CORP	04/08/09	04/08/13	Aaa	AAA	2.500	2.526	2,000,000.00	1,999,980.56	2,000,880.00	899.44	Callable 04/08/11, once
FEDERAL HOME LOAN MTG CORP	05/19/09	11/19/12	Aaa	AAA	2.170	2.170	2,000,000.00	2,000,000.00	2,004,940.00	4,940.00	Callable 05/19/11, once
FEDERAL HOME LOAN MTG CORP	09/03/09	09/21/12	Aaa	AAA	2.125	1.699	2,000,000.00	2,012,163.93	2,044,820.00	32,656.07	
FEDERAL HOME LOAN MTG CORP	11/23/10	11/23/15	Aaa	AAA	1.750	1.845	2,000,000.00	1,994,200.00	1,939,900.00	(54,300.00)	Callable 11/23/11, once
FEDERAL HOME LOAN MTG CORP	01/06/11	02/25/14	Aaa	AAA	1.375	1.375	2,000,000.00	2,000,000.00	2,000,920.00	920.00	
FEDERAL HOME LOAN MTG CORP	05/13/09	05/13/13	Aaa	AAA	2.400	2.400	2,000,000.00	2,000,000.00	2,005,040.00	5,040.00	Callable 05/13/11, once
FEDERAL HOME LOAN MTG CORP	12/15/10	12/15/15	Aaa	AAA	2.100	2.100	2,000,000.00	2,000,000.00	1,977,360.00	(22,640.00)	Callable 06/15/11, then qtrly
FEDERAL HOME LOAN MTG CORP	02/22/11	08/22/14	Aaa	AAA	1.700	1.700	1,500,000.00	1,500,000.00	1,493,160.00	(6,840.00)	Callable 08/22/11, once
FEDERAL HOME LOAN MTG CORP	06/09/09	08/17/12	Aaa	AAA	1.000	2.420	2,000,000.00	1,962,549.41	2,008,780.00	46,230.59	
FEDERAL HOME LOAN MTG CORP	03/26/10	04/25/12	Aaa	AAA	1.125	1.197	1,000,000.00	999,241.23	1,007,640.00	8,398.77	
FEDERAL HOME LOAN MTG CORP	06/30/10	06/30/15	Aaa	AAA	2.000	2.914	2,000,000.00	2,000,000.00	2,010,080.00	10,080.00	SU 2.0%-4.5%, Call 06/30/11, annually
FEDERAL HOME LOAN MTG CORP	02/11/11	04/02/14	Aaa	AAA	4.500	1.615	2,000,000.00	2,168,219.27	2,174,100.00	5,880.73	
FEDERAL NATL MORTGAGE ASSN	07/07/10	07/07/15	Aaa	AAA	2.350	2.350	2,000,000.00	2,000,000.00	1,993,730.00	(6,270.00)	Callable 07/07/11, once
FEDERAL NATL MORTGAGE ASSN	02/17/11	02/17/16	Aaa	AAA	2.500	2.500	2,000,000.00	2,000,000.00	2,004,940.00	4,940.00	Callable 02/17/12, once
FEDERAL NATL MORTGAGE ASSN	05/24/10	06/24/13	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,006,400.00	6,400.00	Callable 06/24/11, once
FEDERAL NATL MORTGAGE ASSN	08/10/10	08/10/15	Aaa	AAA	2.000	2.055	2,000,000.00	1,996,468.33	1,967,370.00	(29,098.33)	Callable 08/10/12, once
FEDERAL NATL MORTGAGE ASSN	11/17/10	11/17/14	Aaa	AAA	1.300	1.300	2,000,000.00	2,000,000.00	1,977,560.00	(22,440.00)	Callable 05/17/11, once
FEDERAL NATL MORTGAGE ASSN	12/28/10	12/28/15	Aaa	AAA	2.000	2.011	2,000,000.00	1,999,258.33	1,972,320.00	(26,938.33)	Callable 12/28/11, once
FEDERAL NATL MORTGAGE ASSN	08/05/10	08/05/15	Aaa	AAA	2.125	2.125	2,000,000.00	2,000,000.00	1,973,310.00	(26,690.00)	Callable 08/05/11, once
FEDERAL NATL MORTGAGE ASSN	09/09/10	09/09/15	Aaa	AAA	1.850	1.871	2,000,000.00	1,999,122.22	1,952,000.00	(47,122.22)	Callable 09/09/11, once
FEDERAL NATL MORTGAGE ASSN	12/15/10	12/15/15	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	1,975,220.00	(24,780.00)	Callable 06/15/11, once
FEDERAL NATL MORTGAGE ASSN	09/21/10	09/21/15	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	1,966,350.00	(33,650.00)	
FEDERAL NATL MORTGAGE ASSN	12/10/10	10/26/15	Aaa	AAA	1.625	2.067	2,000,000.00	1,961,741.57	1,948,210.00	(13,531.57)	
<b>Subtotal, Federal Agencies</b>							109,700,000.00	110,012,980.14	110,361,485.00	348,504.86	
<b>CORPORATE/MEDIUM TERM NOTES</b>											
BERKSHIRE HATHAWAY FIN	12/15/10	12/15/15	Aa2	AA+	2.450	2.530	2,000,000.00	1,992,941.67	1,987,360.00	(5,581.67)	
GENERAL ELECTRIC CAPITAL CORP	11/10/10	11/09/15	Aa2	AA+	2.250	2.250	2,000,000.00	2,000,000.00	1,921,340.00	(78,660.00)	
GENERAL ELECTRIC CAPITAL CORP	01/07/11	01/07/14	Aa2	AA+	2.100	2.100	2,000,000.00	2,000,000.00	2,001,180.00	1,180.00	
<b>Subtotal, Corporate Securities</b>							6,000,000.00	5,992,941.67	5,909,880.00	(83,061.67)	
<b>SB AIRPORT PROMISSORY NOTE (LT)</b>											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	7.000	7.000	6,044,793.28	6,044,793.28	6,044,793.28	0.00	
<b>Subtotal, SBA Note</b>							6,044,793.28	6,044,793.28	6,044,793.28	0.00	
<b>TOTALS</b>							164,244,793.28	164,550,715.09	164,816,158.28	265,443.19	

Market values have been obtained from the City's safekeeping agent, Santa Barbara Bank and Trust (SBB&T). SBB&T uses Interactive Data Pricing Service, Bloomberg and DTC.

# INVESTMENT YIELDS



**CITY OF SANTA BARBARA**  
**Fiscal Agent Investments**  
**March 31, 2011**

	CASH & CASH EQUIVALENTS Book & Market	Guaranteed Investment Contracts (GIC) Book & Market	STOCKS		BONDS		US GOVT & AGENCIES		TOTALS	
			Book	Market	Book	Market	Book	Market	Book	Market
<b>BOND FUNDS</b>										
<i>RESERVE FUNDS</i>										
2004 RDA -	-	-	-	-	-	-	-	-	-	-
Housing Bonds										
2002 Municipal Improvement -	6,551.76	547,530.00	-	-	-	-	-	-	554,081.76	554,081.76
Refunding COPs										
2002 Water -	8,301.21	1,088,268.76	-	-	-	-	-	-	1,096,569.97	1,096,569.97
Refunding COPs										
1994 Water -	19,806.99	757,680.00	-	-	-	-	-	-	777,486.99	777,486.99
Revenue Bonds										
2002 Waterfront -	373,727.43	1,393,262.50	-	-	-	-	-	-	1,766,989.93	1,766,989.93
Reference COPs										
1992 Seismic -	87,465.19	-	-	-	-	-	-	-	87,465.19	87,465.19
Safety Bonds										
Subtotal, Reserve Funds	495,852.58	3,786,741.26	-	-	-	-	-	-	4,282,593.84	4,282,593.84
<i>PROJECT FUNDS</i>										
2001 RDA Bonds	2,367,982.28	-	-	-	-	-	-	-	2,367,982.28	2,367,982.28
2003 RDA Bonds	12,319,585.41	-	-	-	-	-	-	-	12,319,585.41	12,319,585.41
2004 Sewer	2,215,684.28	1,357,140.00	-	-	-	-	-	-	3,572,824.28	3,572,824.28
Revenue Bonds										
2009 Airport Bonds	14,566,664.07	-	-	-	-	-	3,100,000.00	3,197,030.00	17,666,664.07	17,763,694.07
Subtotal, Project Funds	31,469,916.04	1,357,140.00	-	-	-	-	3,100,000.00	3,197,030.00	35,927,056.04	36,024,086.04
Subtotal Bond Funds	31,965,768.62	5,143,881.26	-	-	-	-	3,100,000.00	3,197,030.00	40,209,649.88	40,306,679.88
<b>POLICE/FIRE -</b>										
<b>SVC RETIREMENT FUND</b>										
Police/Fire Funds	52,994.64	-	235,837.83	282,138.30	365,859.40	364,159.40	-	-	654,691.87	699,292.34
	52,994.64	-	235,837.83	282,138.30	365,859.40	364,159.40	-	-	654,691.87	699,292.34
<b>TOTAL FISCAL AGENT</b>										
<b>INVESTMENTS</b>	<u>32,018,763.26</u>	<u>5,143,881.26</u>	<u>235,837.83</u>	<u>282,138.30</u>	<u>365,859.40</u>	<u>364,159.40</u>	<u>3,100,000.00</u>	<u>3,197,030.00</u>	<u>40,864,341.75</u>	<u>41,005,972.22</u>

Notes:

- (1) Cash & cash equivalents include money market funds.
- (2) Market values have been obtained from the following trustees: US Bank, Bank of New York and Santa Barbara Bank & Trust